

VI. Program Evaluation and Monitoring

The Commonwealth maintains that, by providing access to prescription drugs for this group, individuals covered under the pharmacy expansion program will acquire a basic primary care benefit that will enable them to maintain their health and thus delay their eventual enrollment in Medicaid. As will be discussed in more detail below, using the current data as a baseline, the Commonwealth will partially measure the effectiveness of this waiver by the overall decrease in Medicaid eligibility. This decrease will occur because early access to pharmacy benefits may prevent illness that can require more expensive treatments such as inpatient hospital stays and nursing home care. Avoiding the need for more expensive treatment will both improve the quality of life for individuals covered under the pharmacy expansion program and prevent such individuals from “spending down” to become eligible for Medicaid services.

To measure the full effect of the pharmacy expansion program, it is important to measure not only the resultant decrease in Medicaid spending but also the resultant decrease in Medicare spending. Because most of the population covered under this waiver will also be eligible for Medicare benefits, the potential savings to Medicare could be substantial. This is especially true as Medicare covers many of the acute care services for which use may decline as a result of appropriate access to pharmacy benefits. The Commonwealth proposes to obtain current Medicare utilization data to use as a baseline, and subsequent data with which to measure its cost-effectiveness. As this is data not readily available, the Commonwealth needs to partner with the Centers for Medicare and Medicaid Services (CMS) to obtain this data on an ongoing basis.

Massachusetts’ proposed pharmacy expansion program offers CMS the opportunity to evaluate the cost-savings for both Medicaid and Medicare, and it could serve as a model for the development of a broad-based outpatient prescription drug insurance program for Medicare beneficiaries. As such, extensive quantitative and qualitative monitoring is warranted to identify the outcomes and implications associated with its implementation. Massachusetts will address the outcomes of its program by exploring the following research questions:

- A. *Health*: Does the waiver program, through expanded access to a comprehensive pharmacy benefit and sophisticated benefit management tools, reduce the utilization of acute health care services such as inpatient hospital services and nursing home services by the low-income elderly population?
- B. *Resources*: Is there a reduction in the utilization of and dollars spent on non-pharmacy services for program participants as a result of the expanded access to necessary medications?
- C. *Health Policy*: Are the cost savings associated with this program sufficient to influence larger Medicaid or Medicare policy and planning?

The following sections present a framework that may be used by evaluators to analyze the outcomes of this demonstration waiver.

A. Health

Does the waiver program, through expanded access to a comprehensive pharmacy benefit and sophisticated benefit management tools, reduce the utilization of acute health care services such as inpatient hospital services and nursing home services by the low-income elderly population?

The waiver population consists of a diverse group of those ages 65 and older and younger disabled individuals. Since health is difficult to quantify and generally declines with age, accurate measurement of the health benefits associated with this demonstration project is complicated. The Commonwealth, however, will use indirect indicators, such as utilization of publicly funded benefits and survey research methods to assess the outcomes associated with this waiver program. The “health” principles for evaluation and their premises are:

1. Prescription drugs promote and maintain health for those ages 65 and older. Under the waiver, the Commonwealth will offer access to prescription drugs for this group of people, whose income is at or below 200% FPL. The number of individuals who are 65 and older, eligible for this prescription benefit will be established. The aggregate number will serve as a baseline measure and a benchmark for evaluating the success of the program in reaching and enrolling eligible individuals (demonstration population).

B. Resources

Is there a reduction in the utilization of and dollars spent on non-pharmacy services for program participants as a result of the expanded access to necessary medications?

Increasing access to prescription drug benefits will help increase the quality of primary care and decrease adverse health outcomes associated with the lack of proper and sufficient medications for these populations. Outlays incurred by providing this benefit, therefore, will be offset by the savings generated from fewer hospital and nursing home stays (and other home health/long-term care services) and a possible decrease in emergency room services associated with improper patterns of medication usage. The “resource” principles for evaluation and their premises are:

1. Prescription drugs used appropriately are a medical expense that will decrease use of other health care services. Prospectively, Massachusetts will collect and compare rates of use of health care services, including those listed below, between low-income seniors with and those without a prescription drug benefit. Savings associated with the conservation of these healthcare resources will be calculated. Services which may be included are those provided by:

- a. Nursing homes and other longer term care providers
 - b. Inpatient hospitals
 - c. Outpatients
 - d. Emergency rooms
2. Trending will monitor the waiver program's ability to maintain or decrease MassHealth enrollment for those ages 65 and above.

C. Health Policy

Are the cost savings associated with this program sufficient to influence larger Medicaid or Medicare policy and planning?

As can be seen from research principles and premises previously mentioned, the information gathered during the evaluation process will be useful for future health care policy and planning not only in Massachusetts, but also nationally. Specifically, the "health policy" principles for evaluation and their premises are:

1. The waiver population includes individuals who likely mirror the Medicare population in age. The demonstration outcomes and data will therefore be relevant to the national debate regarding the addition of a Medicare prescription drug benefit. Cost-effectiveness analysis will yield the value of pharmaceutical interventions for seniors.
2. The Commonwealth will help promote improved health outcomes of its low-income citizens and reduce the (state and Federal) costs associated with providing health care to this segment of the population. This will free health care dollars that policy makers may allocate to other areas of health care.

D. Data Sources

The evaluation component of this waiver will require data from numerous sources. The evaluation will begin after the first year of implementation of this waiver amendment. The evaluation process will draw on data on services used prior to and throughout the participants' enrollment in the program, when available, as well as national data sources. Data on services used prior to enrollment in the demonstration program will allow for the formation of baseline measures and benchmarks. Data sources may include:

1. *Case Study Interviews, Focus Groups and Surveys:* Structured longitudinal interviews and/or surveys could be used to examine changes in health status and utilization of healthcare services. Surveys or interviews and focus groups could also be used to aggregate information pertaining to perceived changes in quality of life and current and historic utilization of prescription drugs. Survey or interview results would be

used in conjunction with data obtained from other sources to evaluate the success of this Research and Demonstration project.

2. *Medicaid Claims Data:* Medicaid claims data for program participants will provide information regarding participant's demographics, prescriptions filled, total number of waiver participants and waiver expenditures. This data could be cross-referenced with Medicare data.
3. *Medicare Claims Data:* This data is necessary to establish changes in utilization patterns for demonstration participants enrolled in Medicare. Medicare's comprehensive database could be used to query data for both waiver and non-waiver participants to evaluate utilization patterns and other relevant factors.
4. *Vital Statistics Reports and Census:* Data from entities such as the Massachusetts Department of Public Health, the Centers for Disease Control and Prevention and the Census Bureau may be used for benchmarking. These data can be used to compare outcomes of program participants, such as standardized mortality ratios, to the state as a whole and to the nation.